

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 L-03 PA-03 PRS-01 USIA-12 AID-20

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC PRIORITY 3489

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E. O. 11652: N/A

TAGS: ELAB, TH

SUBJECT: ALIEN BUSINESS AND OCCUPATION LAWS: DEPUTY PRIME

MINISTER STATES RTG CONFORM TO AER TREATY

1. SUMMARY. DEPUTY PRIME MINISTER GENERAL PRAPAS CHARUSTHRIA, IN A MAY 24 PRESS CONDERENCE, IN REPLY TO QUESTIONS ABOUT EFFECT OF US- RTG AER TREATY ON ALIEN LAWS, STATED RTG MUST CONFORM TO TREATY AS LONG AS IT IS IN FORCE. ALSO STATED CONSIDERATION BEING GIVEN TO BOARD OF INVESTMENT PROPOSAL THAT ALIEN BUSINESS LAW BE AMENDED TO PERMIT INITIAL ALIEN CONTROL IN CERTAIN RESTRICTED INDUSTRIES. END SUMMARY.

2. FOLLOWING IS USIS TRANSLATION OF PERTINENT PORTIONS OF PRESS CONFERENCE TRANSCRIPT:

REPORTER: I HAVE HEARD THAT THERE IS A OT OF GRUMBLING BY AMERICAN BUSINESSMEN THEY QUOTE THE TREATY GOVERNING GIVING A HELPING HAND MUTUALLY, WHICH HAS BEEN IN FORCE FOR YEARS, AND THEY SAY THAT THE TWO LAWS WE HAVE PUT IN FORCE OBSTRUCT THEIR BUSINESS ACTIVITIES AND INVESTMENTS.

PRAPAS:

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WE CANNOT CANSURE THEM FOR THAT BECAUSE AGREEMENTS
MUST BE AGREEMENTS. THAT WAS THE AGREEMENT WE CONCLUDED WITH
THEM AND WE MUST CONFORM TO IT. IT IS
NOT A MATTER OF THEIR TAKING ADVANTAGE OVER US, BUT
IT IS A MATTER IN WHICH WE WANT SOME INTERESTS
WHILE AT THE SAME TIME GIVING THEM SOME INTERESTS.
THERE IS A MUTUAL AGREEMENT WHICH BOTH SIDES MUST
CONFORM TO. IT IS NOT A MATTER OF TAKING ADVANTAGE,
OR BEING OBSTINATE, OR COMMITTING OFFENSES, ON THE
SIDE OF AMERICANS AT ALL. I FEEL THAT YOU BELIEVE THEY ARE COMMITTING
OFFENSES AND THAT THEY ARE OBSTINATE. THAT IS NOT THE TRUTH
AT ALL. IT CONCERNS AN AGREEMENT WHICH IS STILL IN FORCE, BUT ONLY
FOR ANOTHER FOUR YEARS. (SIC)

REPORTER:

WHEN THE TIME LIMIT IS REACHED WILL THAT AGREEMENT
BE RENEWED?

PRAPAS:

WHETHER IT IS RENEWED OR NOT DEPENDS ON US.

REPORTER:

DO YOU THINK IT IS OUR POLICY TO RENEW THAT AGREEMENT?

PRAPAS:

I DON' T KNOW WHAT POLICY WILL BE IN ANOTHER FOUR YEARS.
WHEN THAT TIME IS REACHED I WILL BE 65 YEARS OLD AND
I WILL MOST PROBABLY BE VERY, VERY OLD THEN.

REPORTER:

IN THAT CASE, COULD YOU SAY WHETHER THESE TWO LAWS GOVERNING
ALIENS OBSTRUCT OR DISCOURAGE INVESTMENT?
THERE IS A LOT OF TALK THAT SOME ARTICLES OR SPECIFICATIONS
MIGHT HAVE TO BE AMENDED.

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PRAPAS: PLEASE PUT YOUR QUESTION MORE CLEARLY.

REPORTER: COULD IT BE THAT THESE TWO LAWS WE HAVE PUT IN FORCE
WILL PUT A STOP TO FOREIGN INVESTMENTS.
THAT THEY WILL MAKE FOREIGNERS NOT DARE TO RISK
MAKING INVESTMENT?

PRAPAS:

THEY DO NOT CONCERN INVESTMENT AT ALL. INVESTMENT IS A DIFFERENT MATTER ALTOGETHER. THESE LAWS CONCERN RESERVATION OF OCCUPATIONS. FOREIGN INVESTMENTS CAN BE MADE IN OCCUPATIONS THAT ARE NOT RESERVED.

FOR INSTANCE, I DON'T THINK ANYBODY WOULD COME AND INVEST CAPITAL IN THE MANUFACTURE OF BOWLS OF BUDDHIST PRIESTS OR IN THE CASTING OF BUDDHA IMAGES. MOST INVESTMENTS ARE IN BIG INDUSTRIAL ENTERPRISES, WHICH DO NOT CONCERN LAWS GOVERNING LABOR.

REPORTER: THEIR CRITICISM IS CONCENTRATED ESPECIALLY ON THE LAW GOVERNING BUSINESSES.

PRAPAS: THE LAW SPECIFIES OBJECTIVES. IT IS NECESSARY TO HAVE A COPY OF THE LAW AND STUDY IT. IT CANNOT BE DISCUSSED SUPERFICIALLY, OR ELSE WHEN YOU GO AND WRITE UP REPORTS THEY WILL BE FULL OF INACCURACIES. WE MUST HAVE A COPY OF THE LAW HERE IN ORDER TO DISCUSS VARIOUS POINTS IN IT.

REPORTER:

THE BOARD OF INVESTMENT RECENTLY PROPOSED FOR THE LAW GOVERNING BUSINESSES OF ALIENS TO BE AMENDED, ESPECIALLY FROM THE ANGLE THAT THAIS MUST HOLD OVER 50 PERCENT OF SHARES IN SOME BUSINESSES IN WHICH THAIS DO NOT SHOW SUFFICIENT INTEREST. THE BOARD OF INVESTMENT THEREFORE PROPOSED FOR THE LAW TO BE AMENDED IN ORDER TO SPECIFY THAT ALIENS HAVE THE RIGHT TO HOLD OVER 49 PERCENT OF SHARES IN BUSINESSES IN WHICH THAIS DO NOT HAVE SUFFICIENT INTEREST YET.

PRAPAS: THIS IS THE SITUATION. THERE ARE SEVERAL CATEGORIES OF INDUSTRIES WHICH ARE IN THE TARGET LIST AND WHICH ARE NEEDED BY OUR COUNTRY. BUT
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CONDITIONS IN GENERAL IN THE LAW SPECIFY THAT IN INVESTMENTS THAIS MUST HOLD HALF OF 50 PERCENT OF THE SHARES. BUT IT HAS BEEN SEEN THAT WE THAIS REFUSE TO HOLD THE SPECIFIED PERCENTAGE OF SHARES BECAUSE WE ARE NOT INTERESTED IN THE INDUSTRIAL ENTERPRISE, OR ELSE BECAUSE INVESTMENT IS SO BIG THAT IT IS BEYOND THE CAPABILITY OF US THAIS TO BE OWNERS OF THE PERCENTAGE

OF SHARES SPECIFIED BY LAW. THESE ARE THE REASONS THAT ARE RESPONSIBLE FOR US NOT BEING ABLE TO HAVE THE BIG INDUSTRIES THAT WE NEED. THE BOARD OF INVESTMENT HAS THEREFORE CONSIDERED THAT THERE SHOULD BE A CLAUSE WAIVING THIS SPECIFICATION FOR INVESTMENT FOR THE FIRST TIME IN A BIG INDUSTRIAL ENTERPRISE NEEDED BY OUR

COUNTRY, BUT IN WHICH WE THAIS ARE NOT INTERESTED OR IN WHICH INVESTMENT IS SO BIG THAT WE THAIS CANNOT AFFORD TO OWN THE PERCENTAGE OF SHARES SPECIFIED BY LAW. SINCE FOREIGNERS CAN INVEST HUGE CAPITAL, AT THE START CONSIDERATION SHOULD BE PAID TO EASING THE LAW AND TO LET ALLIENS HOLD OVER 50 PERCENT OF THE SHARES, BUT FOR THEM TO SELL SHARES TO THAIS AT A LATER TIME WHICH WILL BE SPECIFIED. THIS IS THE SUBJECT THAT IS UNDER CONSIDERATION AT PRESENT. FOR INSTANCE, SHOULD AN IRON ORE INDUSTRY BE SET UP WHICH WOULD REQUIRE CAPITAL TOTALLING 10,000 MILLION, WE THAIS WOULD NOT BE ABLE TO PROVIDE THE 5,000 MILLION NEEDED TO HOLD THE 50 PERCENT OF THE SHARES, AS SPECIFIED BY LAW. IF THIS SPECIFICATION IN THE LAW COULD BE EASED, ALIENS COULD COME AND INVEST THE CAPITAL NEEDED.

REPORTER:

NO DEFINITE DECISION HAS BEEN REACHED YET, HAS IT?

PRAPAS:

DO DEFINITE DECISION HAS BEEN REACHED YET.
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